

Message Text

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ACTION ARA-10

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FM AMEMBASSY SANTO DOMINGO

TO USDOC WASHDC

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FOR DIBA/OED/MEPD

E.O. 11652: N/A

TAGS: ENRG, BMEP, BEXP, DR

SUBJECT: SPECIAL TRADE OPPORTUNITY: PETROLEUM EXPLORATION IN THE
DOMINICAN REPUBLIC

REF: SD A-076, JUNE 29, 1973

1. A SIGNIFICANT OPPORTUNITY NOW EXISTS FOR A RELIABLE U.S. FIRM TO INVEST IN PETROLEUM EXPLORATION IN JOINT VENTURE WITH THE GODR. ALTHOUGH EXPLORATION IN THE 1940'S PRODUCED NO COMMERCIAL RESULTS, THE CHANGING WORLD PETROLEUM SITUATION HAS CONVINCED MANY HERE THAT SUFFICIENT OIL MAY EXIST TO SUPPLY AT LEAST PART OF NATIONAL REQUIREMENTS. THE GODR HAS NOT YET INVITED ANY KIND OF BIDS; NEITHER HAS THE MINING DEPARTMENT PRODUCED IMPLEMENTING REGULATIONS FOR THE CURRENT LAW REGULATING PETROLEUM PROSPECTING. IN FACT, UNTIL NOW GOVERNMENTAL INTEREST IN SUCH EXPLORATION HAS BEEN NIL, AND CERTAIN EXISTING, BUT MORIBUND, CONCESSIONS HAVE EVEN BEEN CANCELED. NEVERTHELESS, THIS SITUATION SHOULD CHANGE IN THE NEAR FUTURE AND ANY EXPERIENCED EXPLORATION FIRM WHICH PRESENTS ITSELF NOW WILL PRESUMABLY HAVE THE ADVANTAGE.

2. AN EMBASSY ESTIMATE OF THE PROBABLE BEST APPROACH IS AS FOLLOWS: A JOINT VENTURE COMPANY, 50-50 WITH THE GODR, WITH AN INVESTMENT OF APPROXIMATELY \$5 MILLION EACH (THE GODR OWNS MOST OF THE RECORDS OF THE EARLIER EXPLORATION ATTEMPTS). INTERESTED FIRMS SHOULD FIRST VISIT THE EMBASSY. PROPOSALS
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SHOULD BE PRESENTED TO LUIS JULIAN PEREZ OF THE GODR NATIONAL

DEVELOPMENT COMMISSION, CENTRAL BANK PRESIDENT DIOGENES FERNANDEZ,
AND MINING DEPARTMENT DIRECTOR CARLOS LINARES.

3. EMBASSY HOPES THAT USDOC WILL PASS THIS NOT-YET-ANNOUNCED
OPPORTUNITY TO ONLY SERIOUS, RELIABLE U.S. PETROLEUM EXPLORATION
FIRMS; A FLOW OF EXPLORE-BY-NIGHT OPERATORS INTO THE DOMINICAN
REPUBLIC IS NOT IN THE U.S. INTEREST. BEST PROSPECTS ARE
PROBABLY THE SMALLER INDEPENDENT FIRMS, SINCE THE
RELATIVELY LOW LEVELS OF OIL EXPECTED WILL PROBABLY NOT INTEREST
LARGER OIL COMPANIES.
HURWITCH

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